

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 PM-07 L-03 CIAE-00 INR-10 NSAE-00

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APPROVED BY ARA/EP:RFWEBER

PM/SAS:JCLUNAN (DRAFT)

ARA/LA/PLC-PM:LTC.JAWILLIAMS

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FM SECSTATE WASHDC

TO AMEMBASSY LIMA

INFO USSOUTHCOM

DOD

CSAF

C O N F I D E N T I A L STATE 239038

E.O. 11652: GDS

TAGS MASS, PE, US

SUBJECT: F-5E PROPOSED SALE TO PERU

1. THE FOLLOWING IS THE TEXT OF DEPARTMENT'S NOTE OF
DECEMBER 4, 1973 TO THE PERUVIAN EMBASSY:

"THE SECRETARY OF STATE PRESENTS HIS COMPLIMENTS TO HIS
EXCELLENCY THE AMBASSADOR OF PERU AND HAS THE HONOR TO
ACKNOWLEDGE THE RECEIPT OF NOTES NOS. 5-3-M/161 DATED OCT-
OBER 24, 1973 AND 5-3-M/163 DATED OCTOBER 26, 1973 CONCERN-
ING THE DESIRE OF THE GOVERNMENT OF PERU TO PURCHASE
MILITARY EQUIPMENT AND AIRCRAFT FOR ITS AIR FORCE.

"THE DEPARTMENT OF STATE HAS APPROVED AND FORWARDED TO THE
DEPARTMENT OF DEFENSE FOR PROCESSING THE REQUEST TO PURCHASE
EQUIPMENT FOR USE ON THE A-37B AIRCRAFT.

"WITH REGARD TO THE F-5E AIRCRAFT, THE DEPARTMENT OF STATE
HAS AUTHORIZED THE DEPARTMENT OF DEFENSE TO PROVIDE PRICE
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AND AVAILABILITY DATA ON THIS AIRCRAFT TO THE GOVERNMENT OF

PERU. HOWEVER, THE UNITED STATES GOVERNMENT WILL NOT BE IN A POSITION TO DISCUSS THE AVAILABILITY OF FISCAL YEAR 1974 CREDIT FOR THE PURCHASE OF THE F-5E UNTIL AFTER THE CONGRESS OF THE UNITED STATES ENACTS FISCAL YEAR 1974 SECURITY ASSISTANCE LEGISLATION. FURTHER, EVEN WHEN THE CONGRESS HAS APPROVED FISCAL YEAR 1974 SECURITY ASSISTANCE LEGISLATION, THE AMOUNT OF UNITED STATES GOVERNMENT CREDIT AND GUARANTIES AVAILABLE TO THE HEMISPHERE WILL BE LIMITED.

"IN VIEW OF THE LIMITED AMOUNT OF UNITED STATES GOVERNMENT CREDIT AND QUANTITIES EXPECTED TO BE PROVIDED FOR THE ENTIRE HEMISPHERE UNDER THE FOREIGN MILITARY SALES ACT, NO ASSURANCES CAN BE GIVEN THAT THE UNITED STATES GOVERNMENT WILL BE IN A POSITION TO OFFER U.S. GOVERNMENT CREDIT OR GUARANTIES TO FINANCE ANY PORTION OF THE COST OF THIS PROPOSAL PURCHASE, WHICH WILL BE CONSIDERABLE. THE GOVERNMENT OF PERU MIGHT THEREFORE WISH TO CONSIDER OBTAINING CREDIT FROM COMMERCIAL SOURCES TO FINANCE ACQUISITION OF THE AIRCRAFT. ALTHOUGH CERTAIN COMPONENTS OF THE F-5E AIRCRAFT CAN BE PURCHASED DIRECTLY FROM THE MANUFACTURER, OTHER PORTIONS CAN ONLY BE OBTAINED FROM THE UNITED STATES GOVERNMENT AS A PURCHASE UNDER THE FOREIGN MILITARY SALES ACT. HOWEVER, THERE IS NO OBJECTION TO USING COMMERCIAL CREDIT TO FINANCE THE ENTIRE PURCHASE OF THE COMPONENTS FURNISHED BY THE U.S. GOVERNMENT.

"SHOULD SUFFICIENT U.S. GOVERNMENT CREDIT BECOME AVAILABLE, HOWEVER, THE GOVERNMENT OF PERU MIGHT ALSO WISH TO CONSIDER USING FOREIGN MILITARY SALES CREDIT TO FINANCE THE COMPONENTS FURNISHED BY THE UNITED STATES GOVERNMENT AND OBTAINING COMMERCIAL CREDIT TO FINANCE ACQUISITION OF THAT PORTION OF THE AIRCRAFT WHICH CAN BE PURCHASED DIRECTLY FROM THE MANUFACTURER. BOTH THE DEPARTMENT OF DEFENSE AND THE MANUFACTURER ARE PREPARED TO DISCUSS THESE ARRANGEMENTS WITH THE GOVERNMENT OF PERU." KISSINGER

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